

10/26/07

TouchPlay Litigation Chronology and Summary

TouchPlay Litigation Chronology

- March 6, 2006: SF 2330, a bill prohibiting the operation of monitor vending machines (TouchPlay machines), is introduced in the Iowa Senate.
- March 13, 2006: The Iowa Senate approves SF 2330 by a 40-10 vote.
- March 14, 2006: The Iowa House approves SF 2330 by a 80-18 vote.
- March 20, 2006: Governor Vilsack signs SF 2330 into law. The new law prohibits the operation of monitor vending machines 45 days after enactment, or May 4, 2006.
- April 5, 2006: Hawkeye Commodity sues the Iowa Lottery, Governor Vilsack, Kevin Techau, Thomas Miller, and Mark Schuling in Federal District Court to enjoin the implementation of SF 2330 with a complaint alleging that the ban violated various provisions of the United States and Iowa Constitutions, as well as asserting a state law breach of contract claim.
- April 12, 2006: A group of TouchPlay operators (the Siggins case) file suit in Polk County seeking to enjoin the ban of TouchPlay machines due to alleged violations of the United States and Iowa Constitutions.
- April 26, 2006: Federal District Court Judge Linda Reade denies Hawkeye Commodity's request for injunctive relief on the merits.
- May 2, 2006: Polk County Judge Glenn Pille denies the Siggins request to issue a temporary injunction.
- May 3, 2006: Polk County Judge Glenn Pille denies the Siggins emergency request for reconsideration of the injunction ruling.
- May 4, 2006: The Iowa Lottery Authority, with assistance from the TouchPlay manufacturers, shuts down all TouchPlay machines in the State.
- May 24, 2006: Hawkeye Commodity appeals Judge Reade's ruling to the Eighth Circuit Court of Appeals.
- June 26, 2006: The Siggins petition is amended to add multiple claims for monetary damages, as well as a significant number of new plaintiffs.

June 26, 2006: Camden, Inc. files a lawsuit in Linn County, seeking monetary damages from the State. Camden alleges damages stemming from the TouchPlay ban on a variety of legal theories.

July 10, 2006: Royal Financial, LLC files suit in Polk County against the Iowa Lottery Authority and Lottery CEO Edward Stanek on a variety of legal theories stemming from the TouchPlay ban.

September 7, 2006: Diamond Games, Inc. moves to the Court to intervene in the Siggins lawsuit.

October 10, 2006: Howard Music LLC files suit in Scott County, seeking damages as a result of the ban on monitor vending machines.

November 14, 2006: The Iowa Lottery Authority files suit against Camden, Inc., as well as the officers of Camden, alleging a failure to turn over Lottery proceeds to the State at the end of the TouchPlay program.

December 21, 2006: Nebraska Technical Services and Greater America Distributing move to intervene in the Siggins lawsuit.

April 24, 2007: The Eighth Circuit Court of Appeals affirms Judge Linda Reade's dismissal of Hawkeye Commodity's federal court lawsuit.

May 11, 2007: The Iowa Lottery Authority files counterclaims against a number of the businesses and corporate officers in the Siggins litigation, alleging a failure to turn over Lottery proceeds to the State at the end of the TouchPlay program.

August 6, 2007: A proposed settlement in the Royal Financial lawsuit is presented to and approved by the State Appeal Board. Under the settlement, the State agreed to pay \$1,671,370.50 to Royal Financial.

October 22, 2007: A proposed settlement with plaintiff Mark Jacobs, d/b/a B&B Games, is presented to and approved by the State Appeal Board. Under the settlement, the State agreed to pay \$388,000 to Mark Jacobs, d/b/a/ B&B Games.

[Continue for Litigation Summary.]

TouchPlay Litigation Summary:

ACTIVE

Jeffrey Siggins et al. v. Thomas J. Vilsack et al.,
(Polk County)

This case began as a request for injunctive relief filed by a small group of TouchPlay operators, seeking to enjoin the ban of TouchPlay machines due to alleged violations of the United States and Iowa Constitutions. Polk County District Court Judge Glenn Pille denied plaintiffs' request for injunctive relief. Since that time, the suit has been modified to add claims for money damages, as well as additional allegations of breach of express contracts, implied contracts, and quasi-contracts. The Iowa Lottery Authority has counterclaimed against certain TouchPlay operators and their officers who allegedly failed to turn over Lottery proceeds at the end of the TouchPlay program.

There are now approximately 70 plaintiffs and intervenors in this suit, including TouchPlay manufacturers, distributors, and operators. The Plaintiffs and Intervenor involved in this suit controlled approximately 40% of the TouchPlay machines operated in Iowa. This suit is pending, and is scheduled for trial in April 2008.

Mark Jacobs, d/b/a B&B Games, one of the plaintiffs in the Siggins case, settled his claims with the state in October 2007. The settlement amount was \$388,000.

Howard Music v. Thomas J. Vilsack et al.,
(Scott County)

Howard Music commenced an action for damages and declaratory/injunctive relief in Scott County, suing the same defendants and asserting the same legal theories as in the Siggins case. Howard Music controlled approximately 1% of the TouchPlay machines operated in Iowa. This suit is pending, and is scheduled for trial in June 2008.

Camden v. State/State v. Camden,
(Linn County)

Camden sued the Iowa Lottery for money damages due to the prohibition on monitor vending machines, alleging violations of the state and federal constitutions, as well as claims on express, implied, and quasi-contracts. Camden controlled approximately 5% of the TouchPlay machines operated in Iowa. The Iowa Lottery Authority has filed its own claim against Camden and Camden's officers, alleging Camden's failure to turn over Lottery proceeds at the end of the TouchPlay program. This matter is set to go to trial in January 2008.

INACTIVE

Royal Financial v. Iowa Lottery Authority et al., (Polk County)

Royal Financial sued the Iowa Lottery Authority and Dr. Edward J. Stanek, CEO of the Iowa Lottery, with a five count petition seeking monetary damages as a result of the prohibition on monitor vending machines. Royal Financial asserted a variety of express, implied, and quasi-contract claims. Royal Financial controlled approximately 25% of the TouchPlay machines operated in Iowa. The Attorney General's Office, with the consent of the State Appeal Board, settled this lawsuit.

Hawkeye Commodity Promotions, Inc. v. Thomas J. Vilsack, et al., U.S. District Court, Northern District of Iowa, 432 F.Supp.2d 822 (N.D. Iowa 2006), Eighth Circuit Court of Appeals, 486 F.3d 430 (8th Cir. 2007).

Hawkeye Commodity sued the Iowa Lottery, Governor Vilsack, Kevin Techau, Thomas Miller, and Mark Schuling to enjoin the implementation of SF 2330 with a nine-count complaint alleging that the ban violated various provisions of the United States and Iowa Constitutions, as well as asserting a state law breach of contract claim. Hawkeye Commodity controlled approximately 10% of the TouchPlay machines operated in Iowa. The District Court dismissed Hawkeye Commodity's request for injunctive relief on the merits, a decision affirmed by the Eighth Circuit Court of Appeals. Hawkeye Commodity's time for appealing this decision to the United States Supreme Court has expired.

[END]